ELLIOTT & ELLIOTT, P.A.
ATTORNEYS AT LAW
721 OLIVE STREET
COLUMBIA, SOUTH CAROLINA 29205
selliott@elliottlaw.us

SCOTT ELLIOTT

TELEPHONE (803) 771-0555
FACSIMILE (803) 771-8010

January 7, 2010

VIA E-FILING
Mr. Charles L.A. Terreni
Chief Clerk of the Commission
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

RE: South Carolina Electric & Gas Company for Approval of Demand Side Management Plan Including a Demand Side Management Rate Rider and Portfolio of Energy Efficiency Programs
Docket No. 2009-261-E

Dear Mr. Terreni:

Enclosed please find for filing the **Direct Testimony of Kevin W. O'Donnell** on behalf of the South Carolina Energy Users Committee ("SCEUC") in the above-captioned matter. By copy of this letter, I am serving all parties of record.

If you have questions, please do not hesitate to contact me.

Sincerely,

ELLIOTT & ELLIOTT, P.A.

Scott Elliott

SE/jcl

Enclosures

cc: All parties of record (w/Encl.)

Before the

South Carolina Public Service Commission

In Re: South Carolina Electric & Gas	**)**	
Company's Request for Approval of Demand	**)**	
Side Management Plan Including a Demand	**)**	**Docket No. 2009-261-E**
Side Management Rate Rider and Portfolio	**)**	
Of Energy Efficiency	**)**	

Prepared Direct Testimony

of

Kevin W. O'Donnell, CFA

On Behalf of the

South Carolina Energy Users Committee (SCEUC)

January 7, 2010

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 2009-261-E

DIRECT TESTIMONY OF KEVIN W. O'DONNELL, CFA

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Kevin W. O'Donnell. I am President of Nova Energy Consultants, Inc. My business address is 1350 Maynard Rd., Suite 101, Cary, North Carolina 27511.

Q. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY IN THIS PROCEEDING?

A. I am testifying on behalf of the South Carolina Energy Users Committee (SCEUC), which is a trade association comprised of several large industrial consumers, many of which take electric supply service from South Carolina Electric & Gas.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND RELEVANT EMPLOYMENT EXPERIENCE.

A. I have a Bachelor of Science in Civil Engineering from North Carolina State University and a Master of Business Administration from the Florida State University. I have worked in utility regulation since September 1984, when I joined the Public Staff of the North Carolina Utilities Commission (NCUC). I left the NCUC Public Staff in 1991 and have worked continuously in utility consulting since that time, first with Booth & Associates, Inc. (until 1994), then as Director of Retail Rates for the North Carolina Electric Membership Corporation

(1994-1995), and since then in my own consulting firm. I have been accepted as an expert witness on rate of return, cost of capital, capital structure, and other regulatory issues in general rate cases, fuel cost proceedings, and other proceedings before the North Carolina Utilities Commission, the South Carolina Public Service Commission (SC PSC), and the Florida Public Service Commission (FL PSC). In 1996, I testified before the U.S. House of Representatives, Committee on Commerce, and Subcommittee on Energy and Power, concerning competition within the electric utility industry. Additional details regarding my education and work experience are set forth in Appendix A to my direct testimony.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony in this case is to review the application of SCE&G to impose a rate rider to fund energy efficiency (EE) and demand side management (DSM) programs the Company now wishes to offer customers in its service territory.

Q. HOW IS YOUR TESTIMONY STRUCTURED?

A. My testimony is structured as follows:

I. Description and Analysis of Company Proposed Commercial/Industrial Energy Efficiency/Demand Side Management Plans and Associated Funding;

II. Review of Company Requested Opt-Out Provision for Industrial Consumers;

III. Impact of Proposed Rate Rider on SCE&G Industrial Sales;

IV. Summary of Recommendations

I. DESCRIPTION AND ANALYSIS OF COMPANY PROPOSED EE/DSM PLANS FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS

Q. PLEASE EXPLAIN THE LEGISLATION ON WHICH SCE&G HAS BASED ITS APPLICATION IN THIS PROCEEDING.

A. In its application in this proceeding, SCE&G cites S.C. Code Ann 58-37-20 as the basis of its application. This code reads as follows:

> The South Carolina Public Service Commission may adopt procedures that encourage electrical utilities and public utilities providing gas services subject to the jurisdiction of the commission to invest in cost-effective energy efficient technologies and energy conservation programs. If adopted, these procedures must: provide incentives and cost recovery for energy suppliers and distributors who invest in energy supply and end-use technologies that are cost-effective, environmentally acceptable, and reduce energy consumption or demand; allow energy suppliers and distributors to recover costs and obtain a reasonable rate of return on their investment in qualified demand-side management programs sufficient to make these programs at least as financially attractive as construction of new generating facilities; require the Public Service Commission to establish rates and charges that ensure that the net income of an electrical or gas utility regulated by the commission after implementation of specific cost effective energy conservation measures is at least as high as the net income would have been if the energy conservation measures had not been implemented. For purposes of this section only, the term "demand-side activity" means a program conducted by an electrical utility or public utility providing gas services for the reduction or more efficient use of energy requirements of the utility or its customers including, but not limited to, utility transmission and distribution system efficiency, customer conservation and efficiency, load management, cogeneration, and renewable energy technologies.

As can be seen above, the legislation specifically requires that the procedures adopted by the utility must meet the following three criteria:

- the procedures must be cost-effective;
- the procedures must be environmentally acceptable; and
- the procedures must reduce energy consumption or demand.

Q. DO YOU BELIEVE THAT SCE&G'S APPLICATION IN THIS CASE MEETS THESE THREE CRITERIA?

A. No. In the current proceeding, SCE&G is not assuring the Commission that it will attain any level of results in its proposed energy efficiency/demand side management programs. In fact, SCE&G is specifically requesting that the Commission not consider the results of its proposed programs when granting the utility a level of profitability in this case. In his pre-filed testimony, Mr. Kenny Jackson states:

> Tying recovery of costs and incentive to pre-determined goals injects uncertainty and a significant amount of administrative and monitoring cost into the process.

SCE&G is thereby asking the Commission to approve projects where the utility will not be required to meet any targets or benchmarks but yet gives the utility a 14% return on its equity investments. Without providing any level at all of tangible and identifiable results from its proposed EE/DSM programs, it is impossible for the proposed EE/DSM programs to be deemed to be cost-effective or that the programs will actually reduce energy consumption or demand.

To meet the criteria of Section 58-37-20 requires the utilities to provide an incentive for customers to reduce their energy or demand consumption. SCE&G's

proposal in this proceeding simply fails to provide any such incentive. In fact, SCE&G's proposal only to promise its customers a review of their request for payments after the customers have made the investments in EE/DSM is, if anything, a disincentive.

The burden in this proceeding is upon SCE&G to show that it has met the requirements of Section 58-37-20. By not tying its results to any quantifiable EE/DSM savings figures, the Company is asking the Commission to ignore the specific requirements of Section 58-37-20. In my opinion, the Company's request in this proceeding should be rejected based on the fact that the SCE&G has neither shown that the programs are cost-effective or will reduce energy consumption or demand.

Q. WHAT ARE THE TYPES OF PLANS THAT SCE&G IS PROPOSING IN THIS PROCEEDING FOR IMPLEMENTATION TO COMMERCIAL AND INDUSTRIAL CONSUMERS?

A. For commercial and industrial consumers SEC&G is offering the following very broad types of EE plans: prescriptive and custom.

Q. PLEASE DESCRIBE THE PRESCRIPTIVE PLANS AS PROPOSED BY THE COMPANY IN THE CURRENT APPLICATION.

A. The prescriptive plans, which are essentially the low hanging fruit in energy efficiency measures, involve high efficiency lighting, lighting controls, motors, HVAC systems, and food service equipment. (p. 11 of Application). In its application, the Company states that the program "will offer a simplified method to make efficient purchase choices from an established list of common measures without requiring complex analysis or participation rules." (p. 11 of Application)

The Company further states that customers can submit the incentive applications only AFTER the energy efficiency measures/equipment have been installed. Each application will be subjected to quality analysis/quality control reviews to ensure that the customer submitted all the paperwork needed in its application as well as to show that the incentive calculations are correct. To protect itself, SCE&G will perform pre- and post-installation verifications on a sample of all projects and for all projects over a specific size and cost limit.

Q PLEASE DESCRIBE SCE&G'S PROPOSED CUSTOM PROGRAM.

A. The custom program is targeted towards large commercial and industrial customers that have potential large energy efficiency projects. Unlike the prescriptive programs where customers must first complete the projects before seeking reimbursement, custom projects involve a substantial review by the utility ahead of time. In the custom programs, the commercial/industrial customer must specify the details of the equipment to be replaced, the cost of the work to be completed, the energy and demand savings expected from the project, nature of the operations, and other information as deemed necessary by SCE&G. The utility will then "assess the likelihood that the customer will make the improvements even in the absence of an incentive from SCE&G" to determine if it should assist the industrial consumer with the energy efficiency program (p. 12 of Application).

Q. DO YOU BELIEVE THAT COMMERCIAL AND INDUSTRIAL CONSUMERS WILL BE ENCOURAGED TO CONSERVE ENERGY IN RESPONSE TO THE COMPANY'S PROPOSED EE/DSM PROGRAMS?

A. No. In the case of the prescriptive measures, SCE&G proposes to force customers to first make the investment and then, in the future, request repayment from the utility for possible recovery of some of the investment. Without a doubt, all of the risk in this matter lies with the commercial/industrial customer as there is no guarantee at all that, even after the commercial/industrial customer makes the EE/DSM investment, they will receive any funds from SCE&G. With the risk parameters so one-sided, the proposed SCE&G EE/DSM program is destined to fail.

The custom programs will offer a payment up front to consumers interested in participating in the EE/DSM program. However, the custom program also requires, at the outset of the project, the commercial/industrial customer to submit numerous calculations and supporting paperwork so that SCE&G can validate the energy savings and calculations and then "assess the likelihood" (p. 12 of Application) that such energy improvements will be made in the absence of any Company provided incentives. SCE&G will then provide only so much funding that the utility, in its own opinion, deems is "crucial in the customer's decision to make the improvements". In my opinion, SCE&G's decision to offer only an amount of money the utility decides is necessary for the project to move forward will create a contentious relationship with manufacturers from the very start of the project thereby poisoning any realistic chances of obtaining any meaningful energy savings from commercial/industrial consumers.

Q. IS THE COMPANY'S PROPOSED DISTRIBUTION OF INCENTIVE FUNDS FOR PRESCRIPTIVE MEASURES JUST AND REASONABLE TO INDUSTRIAL CONSUMERS?

A. No. As described by the Company in its application, the commercial/industrial consumer will be required to install the energy efficiency/demand side management equipment before it can even apply for incentive funding to assist in the capital investment of the project. In other words, the commercial/industrial consumer must put its money up before SCE&G will receive the industrial's application for reimbursement. As such, the industrial is at risk of getting rejected, either partially or totally, for a project in which it has already invested. The risk to SCE&G, on the other hand, is non-existent as it only pays the incentive after-the-fact.

Q. HOW DO YOU SUGGEST THAT THE RISKS INHERENT IN THESE PRESCRIPTIVE PROJECTS BE MORE EQUITABLY SHARED BETWEEN SCE&G AND ITS CUSTOMERS?

A. If and when the Commission approves an application for EE/DSM programs, SCE&G should be required to fund the out-of-pocket expenses for these prescriptive programs before the customer invests its funds in EE/DSM-type equipment. By doing so, SCE&G and its customers will both have an incentive to complete the project and maximize the energy efficiency savings that can be derived from the project. To minimize risk of failure to perform, SCE&G can enter into contractual agreements with customers interested in prescriptive projects.

Q. HOW MUCH ENERGY DOES SCE&G EXPECT TO SAVE FROM THE COMMERCIAL/INDUSTRIAL PRESCRIPTIVE AND CUSTOM ENERGY EFFICIENCY PROJECTS?

A. SCE&G estimates that it can generate savings of over 45,000 MWHs from the commercial and industrial sector in the first year of the program. The total estimated savings from the residential class in year one is roughly 57,000 MWHs.

In year two of the program, SCE&G estimates that it can save over 119,000 MWHs from the commercial and industrial classes and roughly 104,000 MWHs from the residential class.

In year three, the utility estimates that it can save over 193,000 MWHs from commercial and industrial consumers versus about 173,000 MWHs for the residential class.

Q. WHAT IS THE SIGNIFICANCE OF THE LARGE CONTRIBUTION OF THE COMMERCIAL AND INDUSTRIAL CLASSES TO THE ENERGY SAVINGS ESTIMATED BY SCE&G IN THIS PROCEEDING?

A. As I will discuss later in this testimony, industrial consumers have already taken steps to reduce energy consumption as a cost savings measure. If SCE&G is going to squeeze any further EE/DSM savings from the commercial/industrial consumers, the utility must offer meaningful incentives to reduce energy consumption.

For SCE&G to rely so heavily on its industrial consumers to produce energy savings in this EE/DSM filing sets up its program for failure when customers do not accept the proposals offered by the Company herein. If such a situation occurs, the Company will be collecting a rate rider, which includes a 14% profit margin, from its customer base and not make any sizable investments in EE/DSM projects.

Q. WHAT IS THE MAXIMUM AMOUNT OF MONEY THAT AN INDUSTRIAL OR COMMERCIAL CUSTOMER CAN RECEIVE ONCE SCE&G HAS DETERMINED THE MANUFACTURER'S INVESTMENT IN EE/DSM WAS REASONABLE.

A. The maximum amount which a customer can receive from SCE&G in its EE/DSM programs is $25,000.

Q. DO YOU BELIEVE $25,000 IS A SUFFICIENT AMOUNT TO ENCOURAGE LARGE COMMERCIAL AND INDUSTRIAL CONSUMERS TO INVEST IN EQUIPMENT NEEDED TO PRODUCE MEANINGFUL ENERGY EFFICIENCY OR DEMAND SIDE MANAGEMENT SAVINGS?

A. No.. $25,000 is a lot of money to a residential consumer, but it is not a lot of money to a large commercial or industrial customer for which such EE/DSM investments may easily run into the hundreds of thousands of dollars.

Q. DO YOU BELIEVE THE COMPANY'S REQUEST FOR A 3% RISK PREMIUM IS WARRANTED IN LIGHT OF THE LANGUAGE OF S.C. CODE 58-37-20?

A. No. The language cited in S.C. Code 58-37-20 specifically cites the ability of SCE&G to earn a return comparable to the return that the utility could earn if the utility were to build a new generating unit. The current allowed return on equity for SCE&G is 11.0%, which is the return that the utility can earn on generating plant investments. S.C. Code 58-37-20 does not give the utility the right to charge a premium. In fact, the statute specifically ties the return SCE&G can earn on the EE/DSM projects to its allowed return on equity and not a hypothetical premium.

Q. WHAT ARE THE REASONS PUT FORTH BY THE COMPANY TO SUPPORT ITS REQUESTED RETURN ON EQUITY PREMIUM FOR DSM ACTIVITIES?

A. The Company sponsored the testimony of Mr. Scott D. Wilson in this case to help support its request for the 3% risk premium adder that it seeks in the case. In his testimony, Mr. Wilson states that the 3% return on equity incentive "serves reasonably to encourage the Company to make DSM investments, and avoids penalizing the Company for making such investments, consistent with South Carolina law." (p. 11 of pre-filed testimony).

Mr. Wilson has misread S.C. Code 58-37-20. The statute does not allow for the implementation of a premium as supported by Mr. Wilson. The specific language of the legislation allows the utility to earn a return comparable to what it could earn by investing in generation assets. Hence, there is no way that SCE&G can be "penalized" as cited by Mr. Wilson. Indeed, it will be the captive customers of SCE&G that will be penalized by SCE&G if the Commission grants the utility what it is seeking in this application.

Company Witness Kenneth Jackson opines in his testimony that the utility should be allowed the 3% premium because DSM costs will be recovered over a much shorter time period (5 years) than recovery of generation assets that occur over a 30+ year time horizon (p. 10 of pre-filed testimony). However, the shorter time associated with cost recovery mandates that the Company should be allowed a lower, not greater, return on investment in DSM activities. The shorter cost recovery time horizon for DSM activities lowers the risk for these projects. The lower risk translates in a lower return on equity, not higher as Mr. Jackson so requests.

Another reason Mr. Jackson cites in support of the 3% return on equity adder is that the adder proposed in this case is simple to understand and "does not require complicated administrative determinations or studies, as would be necessary for other types of DSM incentives such as predetermined goals or targets" (p. 10 of pre-filed testimony). While I agree with Mr. Jackson's call for simplicity, I do not believe it is reason alone to require consumers to pay higher rates to support SCE&G's investments in demand side management programs.

Q. WHAT ARE THE RISKS THAT SCE&G IS ASSUMING AS PART OF ITS PROPOSED DSM ACTIVITIES?

A. Such a high rate of return for little-to-no risk conflicts with the basic tenant of finance that low risk equates to low returns. I do not believe the Commission should grant SCE&G an excessive return on equity without setting specific benchmark goals for the utility.

For the foregoing reasons, SCE&G's application in this proceeding should be denied.

II. REVIEW OF OPT-OUT PROVISION

Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF HOW THE OPT-OUT PROVISION WILL OPERATE IF THE COMPANY'S APPLICATION IS APPROVED.

A. The requirements that would allow a commercial or industrial customer to opt-out of the rate riders as proposed in this proceeding are quite daunting and cumbersome. First of all, the load size of the customer at a single location must be at least 3500 kW. If a customer has two non-contiguous sites, the load size threshold rises to 6000 kW. This large size requirement will force all but a few industrial customers to participate in SCE&G EE/DSM program and pay the rider as requested by the utility in this proceeding.

If a customer is large enough to meet the above minimum threshold requirements, it must certify in writing that it has performed an energy audit within the past three years and is taking actions that will produce energy and demand savings equivalent to what SCE&G believes will occur under the Company's EE/DSM program. It is inherent in the understanding of the proposed action in this filing that SCE&G would be the sole judge as to whether or not the industrial customer seeking the opt-out is implementing programs that would produce savings equivalent to the estimated SCE&G's EE/DSM energy savings.

The reductions cited by the industrial seeking to opt-out of the EE/DSM programs cannot include any reduction in usage due to on-site generation, co-generation, plant shut downs, a reduction in the normal usage of facilities, shifting production to another site, or "any other" reduction not associated with the result of the energy efficiency projects.

The Company's proposed restrictive opt-out provisions are grossly inequitable to commercial/industrial consumers and should be denied by the Commission. My recommendation is that all industrial consumers, the definition of which is classified as a "manufacturing industry" by the Standard Industrial Classification Manual, be allowed to opt-out of SCE&G's EE/DSM program by sending a letter to the utility stating that it has implemented or plans to implement, alternative EE/DSM measures.

Q. WHY DOES THE COMPANY SEEK SUCH RESTRICTIVE OPT-OUT PROVISIONS FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS AS PART OF THIS APPLICATION?

A. According to Company Witness Jackson, SCE&G believes that these opt-out provisions are necessary so that "the DSM costs that they (commercial and industrial consumers) avoid are shifted to the customers that remain subject to the rider." In my opinion, this statement belies the real reason for the restrictive opt-out provisions that are a part of this application.

Q. IN YOUR OPINION, WHAT IS THE REAL REASON THAT THE COMPANY IS SEEKING THESE RESTRICTIVE OPT-OUT PROVISIONS?

A. The Company wants few customers to opt-out of its EE/DSM programs so that it can maximize its own profits associated with this initiative.

SCE&G has requested a 3% adder to be placed on top of its current allowed return on equity of 11%. As such, the utility is herein seeking Commission approval for programs in which it will earn substantially more money on its investments than it can earn from normal utility operations. Hence, the utility has an incentive to force as many customers as possible to pay for the rate rider from which it can generate profits as much as a 14% return on equity. As I have discussed previously, SCE&G's application will not reduce energy consumption, but it will produce significant profits for the utility.

Q. HOW ENERGY CONSCIOUS ARE INDUSTRIAL CONSUMERS?

A Manufacturers today have been operating in international competitive markets for many years. As a result of this intense competition, manufacturers have been forced to become very aware of their energy consumption, as well as every other operating cost. There are very little, if any, stones unturned in today's manufacturing environment. Cost containment is an ongoing and constant process required for sheer survival. Unlike utilities that have captive markets, manufacturers that do not contain their costs will soon find their market share evaporate and/or their factory jobs shipped overseas where labor is cheap and abundant.

Q. DO YOU BELIEVE THAT INDUSTRIAL CONSUMERS NEED ANY ADDITIONAL ENCOURAGEMENT OR INCENTIVE TO ENGAGE IN EE/DSM ACTIVITIES IN ORDER TO BE ALLOWED TO OPT-OUT OF THE COMPANY'S PROPOSALS IN THIS CASE?

A. The Company's misconception in this case is that it apparently believes that manufacturers in South Carolina are not constantly examining ways to cut costs and preserve jobs in the state. Such a presumption is simply wrong.

Intense competition has forced manufacturers to actively seek every possible way to cut costs and stay in business. It is very likely that manufacturers have already implemented energy efficiency measures that have created ongoing energy efficiency savings that may easily eclipse anything that SCE&G is proposing in the current application. If manufacturers are now forced to participate in SCE&G's EE/DSM programs after they have already completed past energy efficiency projects, they will essentially be "double-dipped" on energy efficiency costs.

Q. PLEASE EXPLAIN HOW MANUFACTURERS WILL BE "DOUBLE DIPPED" BY SCE&G'S PROPOSALS IN THIS CASE.

A. An industrial consumer that is still operating today has already reviewed its operating costs in-detail and implemented economically viable energy efficiency projects. Hence, these customers have already incurred substantial costs to be as energy efficient as is economically justified.

If SCE&G is successful in its request in this proceeding, the manufacturers that invested in past energy efficiency projects will be required to pay for energy efficiency projects for other customers, some of them against whom they may actually be competing. In essence, industrials that have already completed energy efficiency projects have reduced SCE&G's load in the past and, as a result, subsidized customers in the past and will, once again, subsidize other SCE&G customers that, heretofore, have not completed any energy efficiency projects.

Q. WHAT OTHER DETAILS WITHIN THE COMPANY'S OPT-OUT PROVISION DO YOU FIND OBJECTIONABLE?

A. SCE&G's attempt to isolate energy efficiency savings by eliminating plant closings, cogeneration activities, and slowdowns is certainly understandable. However, this attempt to isolate energy efficiency may inadvertently negate some industrial activities that may, by their nature, maximize energy efficiency for the entire plant. An example would be a plant expansion that produces waste heat as a byproduct that, in turn, can be used in the production of electricity that would decrease the consumption of the manufacturer. Given the details as outlined by the Company in its application, the above scenario would be deemed to be in violation of the strict guidelines of the opt-out provision as requested by the Company it is application.

As proposed in its application, the SCE&G proposal may result in less energy efficiency than is sought by the Company due to the lack of foresight by the Company in the derivation of the proposed tariff.

The language of SCE&G's opt-out provision creates a tremendous conflict of interest for the utility and is bound to create a highly contentious atmosphere between itself and its customers. If this program is approved by the Commission, the PSC may soon get flooded with complaints from manufacturers that are at odds with the Company on the opt-out issue.

Q. PLEASE EXPLAIN WHY YOU BELIEVE THE COMPANY'S OPT-OUT PROPOSALS CREATE A CONFLICT OF INTEREST FOR THE COMPANY IN ITS RELATIONS WITH ITS CUSTOMERS.

A. SCE&G is proposing in this case that manufacturers submit certified letters to the utility showing that its ongoing energy efficiency activities produce results equal to the estimated SCE&G energy efficiency programs. However, SCE&G is seeking to earn a profit incentive on its own EE/DSM programs. By being the sole judge of the energy efficiency activities of its customers, the Company has an incentive to deny opt-out requests of manufacturing customers so that it can maximize its own profits via its EE/DSM tariff. This proposal of the Company to be the sole judge on the issue of the opt-out creates a tremendous conflict of interest that, in my opinion, should not be allowed by the Commission.

Q. WHAT CHANGES DO YOU PROPOSE WITHIN THE OPT-OUT PROVISIONS SOUGHT BY SCE&G IN THIS PROCEEDING?

A. The timing of SCE&G's proposals in this case simply could not have been worse. The Commission is well aware of the fact that the entire country is in the midst of a terrible economic recession. This proposed rate rider by SCE&G is a new expense to manufacturers at a time when South Carolina manufacturers are struggling to keep their doors open and South Carolinians employed.

In addition, the Company's application in the current proceeding is the first of four rate proceedings involving SCE&G in 2010. In addition to this EE/DSM application, the Company is expected to file a fuel case, a rate case, and a revised rate proceeding under the Base Load Review Act (BLRA) in 2010. SCE&G ratepayers are simply overloaded with the many rate requests of SCE&G in 2010 and should not be asked to pay increased rates for ineffective EE/DSM programs.

My recommendation to this Commission is that manufacturers, as I have defined previously, be allowed to opt-out of the SCE&G's EE/DSM programs and associated rate riders by sending the Company a simple letter stating that it wishes to opt-out of the DSM programs. Manufacturers should not be burdened with the extra task of ***proving*** to the utility that its energy efficiency measures produce results satisfactory to SCE&G which, as previously discussed, has an economic incentive to deny the manufacturer's request to opt-out.

Q. **HAVE ANY OTHER SOUTH CAROLINA UTILITIES AGREED TO ALLOW ITS CUSTOMERS TO OPT-OUT OF UTILITY SPONSORED ENERGY EFFICIENCY/DEMAND SIDE MANAGEMENT PROGRAMS?**

A. Yes. Progress Energy (PEC) has also implemented an energy efficiency program that gives manufacturers the right to opt-out. With PEC, all the manufacturer must do to be in compliance is send the utility a letter stating its desire to opt-out of the energy efficiency/demand side management programs. Below is a question and answer statement from the Progress Energy website that discusses PEC's position on the opt-out issue:

> **My company has already made, or is planning to make, a number of energy efficiency improvements at our facility. Do we have to share in paying for the new DSM/EE programs being offered by PEC?**
>
> South Carolina
>
> Your facility may be eligible to avoid these charges. Progress Energy has proposed that industrial accounts, of any size, and large commercial accounts, which use more than 1 million kWh's in the prior calendar year, may elect to opt out of participating in the DSM/EE programs and avoid paying the charges if, at their own expense, they have implemented in the past or plan to implement in the future, alternative DSM/EE measures in accordance with stated, quantifiable goals. For purposes of applying this option, a customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the opt-out eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous property are also eligible to opt-out.

Progress Energy's website goes further and provides direct instructions to manufacturers about exactly how to opt-out of the energy efficiency/demand side management programs. Below are two questions and answers from the PEC website that provide customers with details on how to opt-out.

> **What do I have to do to opt out?**
>
> Customers must notify their electric utility in writing of their request to opt out of participating in the DSM/EE programs and provide a list of the specific eligible customer account numbers. The written request must state that the account(s), at their own expense, have either implemented in the past or plan to implement in the future, alternative DSM/EE measures in accordance with stated, quantifiable goals.

Can I opt out now and then decide later to participate in one of PEC's DSM/EE programs?

Yes. A customer who initially opts out may subsequently elect to participate in one or more specific new DSM/EE programs being offered by PEC. However, any customer who elects to participate in a new DSM/EE program loses the right to be exempt from payment of the DSM/EE charges for ten years.

Where do I send my request to opt out?

An opt out letter template is provided for your convenience on this web site. You may download this template or print and complete the template form. The completed letter should be signed by a person in your company who has the authority to execute contracts and then mailed to the following address:

Progress Energy Carolinas, Inc.
CSC - CIGS Team
PO Box 1771
Raleigh, NC 27602

Source: http://progress-energy.com/custservice/carcig/dsmoptout/dsm_optoutfaq.asp#b3

Q. CAN YOU PROVIDE A COPY OF THE SAMPLE LETTER NOTED ON THE PROGRESS ENERGY WEBSITE FOR MANUFACTURER THAT WISH TO OPT-OUT OF COMPANY SPONSORED EE/DSM PROGRAMS?

A. Yes. Attached in Appendix B is the sample opt-out letter found on PEC's website for use by its customers to notify the utility of the manufacturer's wish to opt-out of the PEC EE/DSM programs. As can be seen in this sample opt-out letter, the manufacturer needs only to notify the utility that it has implemented or will implement energy efficiency or demand side management measures and then request the opt-out.

Q. WHAT IS DUKE ENERGY'S POSITION ON THE MATTER OF ALLOWING INDUSTRIAL CONSUMERS TO OPT-OUT OF EE/DSM PROGRAMS?

A. In the recent settlement between Duke, the Office of Regulatory Staff (ORS), SCEUC, and the Southern Environmental Law Center, Duke Energy agreed to allow industrial consumers to opt-out of the utility's proposed energy efficiency/demand side management program, which is called "Save-A-Watt" (SAW), if the industrial has already implemented its own energy efficiency programs. The settlement in the case contains the following opt-out language:

> The Parties agree that all industrial customers (as defined in the subparagraph below) of the Company may elect to opt out of the energy efficiency component of Rider EE on an annual basis during a two month enrollment period to commence January 1 of each year and conclude on March 1 of each year. For purposes of the initial opt-out period for energy efficiency programs, the opt out period shall commence upon issuance of the Commission's order in this docket and conclude sixty days thereafter. Further, the Parties agree that all industrial customers may opt out of the demand-side management component of Rider EE upon a one-time election for the four year energy efficiency plan made within sixty days of the Commission's order in this docket. The rider charge applicable to energy efficiency programs and/or demand-side management programs will not be applied for customers qualified to opt out of the programs. To qualify to opt out, the customer must:
>
> a) Certify or attest to the Company that it has performed or had performed for it an energy audit or analysis within the three year period preceding the opt out request and has implemented or has plans for implementing the cost-effective energy efficiency measures recommended in that audit or analysis; and
>
> b) Be served under an electric service agreement where the establishment is classified as a "manufacturing industry" by the Standard Industrial Classification Manual published by

> the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

Q. **ARE YOU AWARE OF OTHER STATES WHERE MANUFACTURERS CAN OPT-OUT OF EE/DSM PROGRAMS WITHOUT ALL THE REQUIREMENTS AS PROPOSED IN THIS CASE BY SCE&G?**

A. Yes. In 2007 North Carolina passed legislation mandating a renewable energy portfolio standard (REPS) that also gave utilities the opportunity to implement EE/DSM programs. However, the North Carolina legislation specifically gave manufacturers the right to opt-out of utility sponsored EE/DSM activities if the manufacturer has already implemented energy efficiency programs or will do so in the future.

Unlike what SCE&G is proposing in this case, the North Carolina legislation does not create a conflict of interest for the utility by allowing it to be the sole determinant of whether or not the manufacturer can opt-out of the utility profit-driven EE/DSM activities.

III. IMPACT OF PROPOSED RATE RIDER ON SCE&G INDUSTRIAL SALES

Q. HOW HAVE SCE&G INDUSTRIAL SALES CHANGED IN THE LAST YEAR?

A. According to SCANA's third quarter earnings, sales to industrial customers dropped 15.8% for nine months ending Sept. 30, 2009 versus the nine-month period ending Sept. 30, 2008. Such a drop in industrial sales is not surprising given the poor economy in 2009. However, SCE&G should take notice that adding more costs to industrial consumers at the present time could cause irreparable harm to the utility's long-term earnings growth, as well as the long-term unemployment rate in South Carolina.

Q. PLEASE EXPLAIN THE ROLE OF MANUFACTURING IN THE SOUTH CAROLINA ECONOMY.

A. Although manufacturing activity has declined in recent years, manufacturing is still one of the primary economic engines for South Carolina. In fact, according to the Dec. 9, 2009 edition of the *Columbia Regional Business Report*, manufacturing contributes the following to the South Carolina economy:

- manufacturing employs 15% of all South Carolina workers;
- manufacturing pays an average wage in South Carolina of $46,192, which is 27% above the state wide average wage rate;
- manufacturers pay 13% of all property taxes in the state; and
- total direct and indirect impacts of manufacturing amount to $141 billion on an annual basis.

Within the article, Mr. Robert M. Hitt of the South Carolina Manufacturers Alliance makes the following statement:

> Manufacturing still matters in South Carolina...It will remain well into the future, but only if we recognize its value and promise and are willing to provide the competitive environment and tools necessary for manufacturers to flourish in today's fast-paced and ever-changing world.
>
> With all that manufacturing has to offer and its critical role in our economy, it is imperative that state leaders, policymakers, media, and the public understand its benefit and the impact of our collective decision-making and perceptions on its future here.

A complete copy of this article from the *Columbia Regional Business Report* can be seen in Appendix C.

Imposing a rate rider is the polar opposite of the competitive environment and needed tools as noted by Mr. Hitt in the quote above. Manufacturers are a vital part of the South Carolina economy. SCE&G should not harm South Carolina and its citizens by forcing manufacturers to pay a rate rider for projects that manufacturers, themselves, have already invested in for many years. If for no other reason but for the sake of its own earnings, SCE&G would be wise to follow the advice of Mr. Hitt and create a competitive environment for manufacturers by dropping its request to create an energy efficiency/demand side management rate rider that, in reality, will do nothing but provide additional temporary earnings for the utility at the expense of manufacturers, manufacturing employees, and the economy of South Carolina.

IV. RECOMMENDATIONS

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.

A. My first and foremost recommendation is that the Commission deny SCE&G's application as it pertains to industrial and commercial consumers. To be fair to SCE&G, I also recommend that it be allowed to resubmit its EE/DSM plan such that it is redesigned to produce verifiable results as required by S.C. Code Ann 58-37-20. In the alternative, if the Commission accepts the SCE&G application in regard to EE/DSM measures, I believe the Commission should require the utility to help fund the energy efficiency and demand side management programs with payments to the customers prior to the start of the energy efficiency project as a real incentive. Moreover, the Commission should eliminate any discretion SCE&G has to decline an EE/DSM application that is otherwise likely to result in energy conservation or demand reduction.

I further recommend that the 3% adder sought by the Company in this proceeding be disallowed as it is, in my opinion, in direct violation of S.C. Code 58-37-20. Nothing in the statute allows for the 3% adder sought by the Company in this proceeding. Furthermore, all the reasons cited by the Company in support of the return on equity adder are actually reasons for the Commission to grant the utility a return on equity <u>lower</u> than the return it can earn on generation investments. The fact that SCE&G is requesting the Commission not to require the utility to produce any quantifiable results militates in favor of a ROE of less than 11%. As I have shown in my testimony, the Company's proposal in this case to grant EE/DSM funds to commercial/industrial consumers after-the-fact is actually a disincentive to customers that may be interested in the EE/DSM programs. Such a disincentive will severely restrict the potential of the proposed EE/DSM savings.

My recommendation is that the Commission reject SCE&G's request for a 3% return on equity premium in this case.

Lastly, the Commission should not grant SCE&G all the restrictive details it seeks in its opt-out provisions. The Company has a clear conflict of interest in being the sole judge as to whether or not an industrial consumer should be allowed to opt-out of the Company-sponsored DSM programs. Manufacturers simply do not need an extra cost burden from its electric utility at a time when they are struggling to come out of the worst economic period in over half a century. SCE&G's proposal to assess a rate rider is punitive to manufacturers that have already invested in energy efficiency and demand side management activities and is self-serving in that it will pad the earnings of the utility at the expense of manufacturers.

I recommend that the Commission allow manufacturers to opt-out of the SCE&G EE/DSM projects in the same manner as ordered in the Progress Energy docket and as agreed to by Duke Energy in its recent rate case settlement. Manufacturers should be allowed to opt-out of energy efficiency and demand side management programs by submitting a letter to SCE&G stating that it has implemented or plans to implement cost-effective EE/DSM measures.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, it does.

APPENDIX A

Kevin W. O'Donnell, CFA

President
Nova Energy Consultants, Inc.
1350 SE Maynard Rd.
Suite 101
Cary, NC 27511

Education

I received a B.S. degree in Civil Engineering - Construction Option from North Carolina State University in May of 1982 and a Masters of Business Administration in Finance from Florida State University in August of 1984.

Professional Certification

I am a Chartered Financial Analyst (CFA) and a member of the Association of Investment Management and Research.

Work Experience

In September of 1984, I joined the Public Staff of the North Carolina Utilities Commission as a Public Utilities Engineer in the Natural Gas Division. In December of 1984, I transferred to the Public Staff's Economic Research Division and held the position of Public Utility Financial Analyst. In September of 1991, I joined Booth & Associates, Inc., a Raleigh, North Carolina, based electrical engineering firm, as a Senior Financial Analyst. I stayed in this position until June 1994, when I accepted employment as the Director of Retail Rates for the North Carolina Electric Membership Corporation. In January 1995, I formed Nova Utility Services, Inc., an energy consulting firm. In May of 1999, I changed the name of Nova Utility Services, Inc. to Nova Energy Consultants, Inc.

Along with my work with Nova Energy Consultants, Inc., I am also a senior financial analyst for MAKROD Investment Associates of Verona, NJ. MAKROD is a money management firm that specializes in portfolio management services for high wealth individuals and institutional investors.

Testimonies

North Carolina

I have testified before the North Carolina Utilities Commission in the following general rate case proceedings: Public Service Company of North Carolina, Inc. (Docket No. G-5, Sub 200, Sub 207, Sub 246, Sub 327, and Sub 386); Piedmont Natural Gas Company (Docket No. G-9, Sub 251 and Sub 278); General Telephone of the South (Docket No. P-19, Sub 207); North Carolina Power (Docket No. E-22, Sub 314); Piedmont Natural Gas Company (Docket No. E-7, Sub 487); Pennsylvania & Southern Gas Company (Docket No. G-3, Sub 186); and in several water company rate increase proceedings. I also submitted pre-filed testimony, and/or assisted in the settlement process, in Docket Nos. G-9, Sub 378, Sub 382, Sub 428 and Sub 461, which were general rate cases involving Piedmont Natural Gas Company; in Docket No. G-21, Sub 334, North Carolina Natural Gas' most recent general rate case; in Docket No. G-5, Sub 356, Public Service of North Carolina's 1995 general rate case; and in Docket No. G-39, Sub 0, Cardinal Extension Company's rate case. Furthermore, I testified in the 1995 fuel adjustment proceeding for Carolina Power & Light Company (Docket No. E-2, Sub 680) and submitted pre-filed testimony in Docket No. E-7, Sub 559, which was Duke Power's 1995 fuel adjustment proceeding. I also submitted pre-filed testimony and testified in Duke's 2001 fuel adjustment proceeding, which was Docket No. E-7, Sub 685.

Furthermore, I testified in Docket No. G-21, Sub 306 and 307, in which North Carolina Natural Gas Corporation petitioned the Commission to establish a natural gas expansion fund. I also submitted testimony in the Commission's 1998 study of natural gas transportation rates that was part of Docket No. G-5, Sub 386, which was the 1998 general rate case of Public Service Company of North Carolina. In September of 1999, I testified in Docket Nos. G-5, Sub 400 and G-43, which was the merger case of Public Service Company of North Carolina and SCANA Corp. I also submitted testimony and stood cross-examination in the holding company application of NUI Corporation, a utility holding company located in New Jersey, which was NCUC Docket No. G-3, Sub 224, as well as NUI's merger application with Virginia Gas Company, which was Docket No. G-3, Sub 232. I also submitted pre-filed testimony and stood cross-examination in Docket No. G-3, Sub 235, which involved a tariff change request by NUI Corporation. I testified in another holding company application in Docket No. E-2, Sub 753; G-21, Sub 387; and P-708, Sub 5 which was the holding company application of Carolina Power & Light. In June of 2001, I submitted testimony and stood cross-examination in Docket No. E-2, Sub 778, which was CP&L's application to transfer Certificates of Public Convenience and Necessity (CPCN) from two of the Company's generating units to its non-regulated sister company, Progress Energy Ventures. In November of 2001, I testified in Duke Energy's restructuring application, which was Docket No. E-7, Sub 694. In January 2002, I presented testimony in the merger application of Duke Energy Corp. and Westcoast Energy. In April of 2003, I submitted testimony in Dockets Nos. G-9, Sub 470, Sub 430, and E-2, Sub 825, which was the merger application of Piedmont Natural Gas and North Carolina Natural Gas. In May of 2003, I submitted testimony in the general rate case of Cardinal Pipeline Company, which was Docket No. G-39, Sub 4. In July 2003, I filed testimony in Docket No. E-2, Sub 833, which was CP&L's 2003 fuel case proceeding. I prepared pre-filed testimony and stood cross-examination in the merger application of Piedmont Natural Gas and Eastern North Carolina Natural Gas. In July of 2005, I prepared pre-filed testimony in Carolina Power & Light's fuel case in North Carolina. In August of 2005 I assisted in the settlement of Piedmont's 2005 general rate case. In June, 2006, I submitted rebuttal testimony in Docket No. E-100, Sub 103, which was the investigation of integrated resource planning (IRP) in North Carolina. Also in the month of June, 2006, I submitted testimony in Docket No. G-9, Sub 519, which was the application of Piedmont Natural Gas to change its tariffs and service regulations. In

August, 2006, I assisted in the settlement of the rate case of Public Service of North Carolina in Docket No. G-5, Sub 481. In December of 2006, I prepared direct testimony and stood cross-examination in Docket No. E-7, Sub 751, which was application of Duke Power to share net revenues from certain wholesale power transactions. In January, 2007, I submitted testimony in the application of Duke Energy in Docket No. E-7, Sub 790, which was in regard to the construction of two 800 MW coal fired generation units in Rutherford County, North Carolina. In June, 2008, I filed testimony in Duke Energy's Save-A-Watt energy efficiency filing. In August, 2009, I filed testimony in support of the application of Western Carolina University for an increase in rates and charges. In October, 2009, I assisted in the settlement of Duke Energy's general rate case proceeding.

South Carolina

In August of 2002, I submitted pre-filed testimony and stood cross-examination before the South Carolina Public Service Commission in Docket No. 2002-63-G, which was Piedmont's 2002 general rate case. In October of 2004, I submitted pre-filed testimony and stood cross-examination in the general rate case of South Carolina Electric & Gas. In March 2005, I prepared pre-filed testimony and assisted in the settlement involving the fuel application proceeding of South Carolina Electric & Gas. In April of 2005, I prepared pre-filed testimony and assisted in the settlement of Carolina Power & Light's fuel case in South Carolina. In March 2006, I assisted in the settlement involving the fuel application proceeding of South Carolina Electric & Gas. In November of 2007 I assisted in the settlement of the 2007 South Carolina Electric & Gas general rate case proceeding. In October, 2008, I submitted testimony in the 2008 South Carolina Electric & Gas base load review act proceeding. In November, 2009, I submitted testimony in Duke Energy's 2009 general rate case proceeding.

United States Congress

In May of 1996, I testified before the U.S. House of Representatives, Committee on Commerce and Subcommittee on Energy and Power concerning competition within the electric utility industry.

I have also worked with North Carolina and South Carolina municipalities in presenting comments to the Federal Energy Regulatory Commission regarding the opening of the wholesale power markets in the Carolinas.

Publications

I have also published the following articles: Municipal Aggregation: The Future is Today, *Public Utilities Fortnightly*, October 1, 1995; Small Town, Big Price Cuts, *Energy Buyers Guide*, January 1, 1997; and Worth the Wait, But Still at Risk, *Public Utilities Fortnightly*, May 1, 2000. All of these articles dealt with my firm's experience in working with small towns that purchase their power supplies in the open wholesale power markets.

APPENDIX B

SC CUSTOMER OPT OUT TEMPLATE

Progress Energy Carolinas, Inc.
CSC - CIGS Team
PO Box 1771
Raleigh, NC 27602

Dear Progress Energy:

The purpose of this letter is to notify Progress Energy Carolinas (PEC) of our decision to not participate in the annual cost recovery rider for PEC's Demand-Side Management (DSM) and Energy Efficiency (EE) Programs. At our own expense, we have already implemented or will be implementing alternative DSM/EE measures, in accordance with stated, quantifiable goals for demand-side management and energy efficiency.

Therefore, we are requesting that the following PEC accounts (or list attached) be excluded from charges associated with PEC's DSM/EE programs:

PEC Account Number(s):

_________________________ _________________________
____

_________________________ _________________________
____

_________________________ _________________________
____

_________________________ _________________________
____

We understand PEC will be informing the SC Public Service Commission of our decision to opt out these accounts.

Yours very truly,

Company Name: _________________________

Signed _________________________
Title: _________________________
Date: _________________________

APPENDIX C

COLUMBIA REGIONAL BUSINESS REPORT

Study: Manufacturing remains a mainstay of S.C. economy

Staff Report
Published Dec. 9, 2009

Despite the pressures of the recession and despite its status as an economic sector in transition, manufacturing continues to constitute the largest industry cluster in South Carolina, according to a new economic impact study by Miley Gallo and Associates LLC.

The data showed almost 5,200 manufacturing establishments in the state in 2008. That is 4.5% of all establishments, though the manufacturers paid more than 20% of all wages paid in South Carolina, and constituted more than 15% of all jobs.

"The benefits and economic impact of manufacturing in South Carolina are great — historically and today," Robert M. Hitt, chairman of the S.C. Manufacturers Alliance, wrote in the introduction to the new study, which his group commissioned. "Contrary to what we too often hear and see in the public dialogue, manufacturing still matters, and the growth potential for South Carolina's manufacturing sector is significant."

Some highlights of the study include:

- Total direct and indirect impacts of manufacturing were $141 billion per year. Direct impact was more than $95 billion, and indirect impact was $46 billion.
- Manufacturers pay 13% of all property taxes statewide. In some counties, the manufacturers' share is more than 50%. Calhoun County, for example, reaps 62% of property taxes from manufacturers.

Employment trends show a declining but important manufacturing base in several key areas of the state:

County	Total Employment	Manufacturing Employment	% of Total County Employment	County Average Wage	Per Capita Income
Greenville	224,240	28,619	12.8%	$38,272	$35,076
Spartanburg	111,644	23,788	21.3%	$38,116	$28,971
Anderson	55,968	11,196	20.0%	$31,408	$29,084
Charleston	203,699	10,689	5.2%	$37,908	$38,702
Richland	206,452	10,434	5.1%	$39,156	$34,434
Lexington	93,431	10,314	11.0%	$32,708	$34,744
York	73,928	8,649	11.7%	$35,152	$32,627
Sumter	34,690	6,229	18.0%	$30,212	$27,576
Greenwood	28,315	6,154	21.7%	$34,632	$27,297
Florence	59,653	6,133	10.3%	$34,736	$31,802

Manufacturing, however, has not grown at a pace with the rest of the economy, the data show. Although the gross state product for all industries increased 52% during the past decade, manufacturing grew by 6%.

For those still employed in manufacturing, wages remain among the highest in the state. The average manufacturing wage of $46,192 is more than 27% above the statewide average, the report states.

Direct labor income from manufacturing amounts to almost $16.5 billion.

Adding new manufacturing will continue to be an important part of the state's economic development strategy, the study indicates.

The Miley Gallo study suggests that the addition of another auto parts maker with 200 employees would have a direct economic output of $57.3 million and additional indirect economic impact of $26.8 million.

"Manufacturing provides good jobs for our state's residents with wages that are substantially higher than nonmanufacturing jobs," said Hitt, who is also chief spokesman for BMW Manufacturing near Greer. "Manufacturing has a greater multiplier effect on the rest of our economy than any other industry sector. Also, manufacturing drives private-sector development and innovation — leading to advanced technologies and products that improve our quality of life.

"Manufacturing still matters in South Carolina," Hitt continued. "It will remain well into the future, but only if we recognize its value and promise and are willing to provide the competitive environment and tools necessary for manufacturers to flourish in today's fast-paced and ever-changing world.

"With all that manufacturing has to offer and its critical role in our economy, it is imperative that state leaders, policymakers, media, and the public understand its benefit and the impact of our collective decision-making and perceptions on its future here," Hitt said.

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE:	South Carolina Electric & Gas Company Request for Approval of Demand Side Management Plan Including a Demand Side Management Rate Rider and Portfolio of Energy Efficiency Programs
DOCKET NO.:	2009-261-E
PARTIES SERVED:	Shannon Bowyer Hudson, Esquire Office of Regulatory Staff 1401 Main Street, Suite 900 Columbia, SC 29201
	Catherine D. Taylor, Esquire K. Chad Burgess, Esquire South Carolina Electric & Gas 1426 Main Street, Mail Code 130 Columbia, SC 29201
	Damon E. Xenopoulos, Esquire Brickfield Burchette Ritts & Stone, PC 1025 Thomas Jefferson Street, NW 8th Floor, West Tower Washington, DC 20007
	Belton T. Zeigler, Esquire Lee E. Dixon, Esquire Pope Zeigler, LLC P. O. Box 11509 Columbia, SC 29211
	E. Wade Mullins, III, Esquire Joey R. Floyd, Esquire Bruner, Powell, Robbins, Wall & Mullins, LLC P. O. Box 61110 Columbia, SC 29260

Robert Guild, Esquire
314 Pall Mall Street
Columbia, SC 29201

J Blanding Holman, Esquire
Southern Environmental Law Center
P. O. Box 609
Charleston, SC 29402

Jill Mara Tauber, Esquire
Southern Environmental Law Center
200 West Franklin St., Suite 330
Chapel Hill, NC 27516

Frank Knapp, Jr.
The Knapp Agency
1717 Gervais Street
Columbia, SC 29201

Mitchell Willoughby, Esquire
Willoughby & Hoefer, P.A.
P. O. Box 8416
Columbia, SC 29202-8416

PLEADING: DIRECT TESTIMONY OF KEVIN W. O'DONNELL

January 7, 2010

Marcia L. Walters

Marcia L. Walters